

**SPECIAL HANDLING**SHC-44-61  
9014  
Copy #3B7B-475 *copy filed in B7B*  
Prop See *copy* February 20, 1961

Dear Jim:

In reference to your letter COR-1026, dated January 18, 1961, I am supplying you with the following proposal:

Item #1

Spare parts will be furnished against fixed price orders.

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Item #2

Field Service labor rate--

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Travel and transportation is on an actual basis plus the cost of G & A at  and no profit. The profit factor is contained within the labor rate.

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This pricing rate for labor is only valid if all of the labor hours are used. In the event of termination or cancellation of the contract, adjustments will be made in the hourly rate.

In as far as travel is to be on an actual basis with no profit affixed thereto, it is to be understood the number of trips shall not exceed eight (8) to each location.

The travel figures are on the basis of eight (8) trips to each location within the ten-month period. The logic used to arrive at eight trips for estimating purposes is as follows:

In order to effectively provide trouble-free use of these units, it has been determined that each piece of equipment undergo preventive maintenance not less than four (4) times within a ten-month period. The additional four trips stated in the above are an attempt to cover the contingencies of cross trips due to possible major equipment breakdown or crash program requirements.

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Of course, this again is only an estimate. However, inasmuch as travel is to be recovered on an actual basis with no profit, it is to be recognized that if the trips are not made, there will be no recovery. In the event that this estimate is not sufficient and the number of trips far exceeds eight, I would like to consider all in excess as a change to the contract.

The total number of man-hours is based on the following:

- a. Two man-months of effectively non-productive time for the trainee, who is to be a contract hire.
- b. Four man-months in the field are represented by two months of a trainer's time and two months of a trainee's time. The balance of time is to cover the individual who is to be trained, or trainee. This will be the actual time that he, the trainee, spends performing preventive maintenance at each of the various locations.

The two months of non-productive time is included due to security requirements. We are estimating that it will take approximately sixty days to clear this individual. Clearance cannot be started until the individual is hired, and he may not begin training until clearance is received. Further, since ITL does not have either of the items of equipment readily available, the individual will have to be trained on the job at one of your facilities. If, however, the clearance is received in less time than we anticipate, an adjustment will be made in the total number of hours used.

The rate was prepared in detail, and I have taken necessary steps to provide your auditor with a copy of the techniques employed to arrive at this rate. I hope that the aforementioned meets with your approval.

Very truly yours,

STATINTL

Contracts Manager

HAM:pf